RAILROAD REVENUES, EXPENSES, AND INCOME

FOURTH QUARTER 1984 and 1983

Class I Railroads in the United States

(dollars in millions)

DISTRICT and RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		NET RAILWAY OPERATING INCOME			ORDINARY INCOME		
	1984	1983	1984	1983	1984	1983	1984	1983		1984	1983	
								A	RRB		DA	RRB
EASTERN DISTRICT												
BALTIMORE & OHIO	$ 233	$ 248	$ 243	$ 257	$ 244	$ 247	$ 9	$ 15	13	$ 6	$ 13	13
BESSEMER & LAKE ERIE	12	11	17	16	14	13	3	2	2	2	2	2
BOSTON & MAINE **	28	30	30	32	30	29	-1	2	2	0	3	3
CHESAPEAKE & OHIO	197	233	204	243	212	223	-6	17	16	2	31	29
CONRAIL	755	765	782	794	726	746	51	82	44	84	103	63
DELAWARE & HUDSON **	28	27	29	27	33	29	-4	-2	-2	-4	-4	-4
ELGIN, JOLIET & EASTERN	13	15	18	23	15	19	-1	3	3	0	4	4
GRAND TRUNK WESTERN	81	90	90	83	82	85	8	1	-2	7	-6	-4
NORFOLK & WESTERN	348	393	364	408	321	326	18	37	47	46	63	62
PITTSBURGH & LAKE ERIE	8	13	9	13	12	14	-3	-1	-1	-3	-4	-4
EASTERN DISTRICT TOTAL	1 703	1 814	1 785	1 896	1 693	1 732	74	156	122	141	203	162
SOUTHERN DISTRICT												
FLORIDA EAST COAST	32	29	33	30	24	24	5	-3	-4	6	8	8
ILLINOIS CENTRAL GULF	211	199	230	218	217	217	14	7	-1	7	3	-2
SEABOARD SYSTEM	647	639	664	653	589	600	52	54	33	45	47	31
SOUTHERN RY. SYSTEM	435	396	446	403	326	333	69	41	42	62	39	39
SOUTHERN DISTRICT TOTAL	1 326	1 262	1 373	1 303	1 157	1 174	139	99	71	121	97	76
WESTERN DISTRICT												
ATCHISON, TOPEKA & SANTA FE	566	533	557	545	512	510	31	31	21	26	33	23
BURLINGTON NORTHERN	1 249	1 218	1 110	1 041	881	882	138	113	112	129	119	118
CHICAGO & NORTH WESTERN	191	193	206	221	200	221	8	11	1	-10	11	-1
CHICAGO, MILW., ST. PAUL & PAC.	87	96	93	99	93	98	-5	3	1	-67	28	29
DENVER & RIO GRANDE WESTERN	94	79	85	80	79	78	6	2	2	6	1	1
DULUTH, MISSABE & IRON RANGE	14	23	15	22	18	19	-2	1	0	1	3	3
KANSAS CITY SOUTHERN	79	71	83	74	67	67	10	10	10	9	3	3
MISSOURI-KANSAS-TEXAS	60	57	63	60	61	58	3	4	3	0	-1	-1
MISSOURI PACIFIC	426	404	438	415	420	383	19	32	27	23	22	17
ST. LOUIS SOUTHWESTERN	103	95	105	96	94	92	7	-2	-5	16	9	5
SOO LINE	76	76	78	78	72	70	3	5	5	4	5	6
SOUTHERN PACIFIC CO.	521	485	539	502	531	569	20	0	-29	56	8	-25
UNION PACIFIC	482	473	487	479	440	412	32	36	41	33	31	36
WESTERN PACIFIC	30	32	31	32	40	43	-1	-4	-4	1	-5	-4
WESTERN DISTRICT TOTAL	3 779	3 631	3 890	3 744	3 513	3 496	268	242	183	226	267	208
GRAND TOTAL - UNITED STATES	6 808	6 739	7 048	6 943	6 363	6 402	482	497	376	488	569	446

** Reflect RRB data for 83 in DA columns

ASSOCIATION OF AMERICAN RAILROADS

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in thousands)

FOR THE TWELVE MONTHS ENDED DECEMBER 31

ACCOUNT	1984 (DA)		1983 (DA)	
REVENUE				
FREIGHT	$ 28 477 750		$ 25 835 519	
PASSENGER	101 190		106 539	
PASSENGER RELATED	302		2 193	
ALL OTHER OPERATING REVENUE	869 136		771 225	
JOINT FACILITY ACCOUNT	11 356		13 916	
TOTAL OPERATING REVENUES	29 459 404		26 729 392	
EXPENSES				
DEPRECIATION-ROAD	744 250		872 642	
ALL OTHER WAY AND STRUCTURES	3 332 298		3 234 604	
TOTAL WAY AND STRUCTURES	4 296 548		4 107 246	
DEPRECIATION-EQUIPMENT	993 253		960 752	
ALL OTHER EQUIPMENT	5 629 045		5 109 639	
TOTAL EQUIPMENT EXPENSE	6 582 298		6 070 391	
TRANSPORTATION-TRAIN & YARD	10 754 391		9 886 481	
TRANSPORTATION-SPEC. SERV. & ADM.	1 502 370		1 490 809	
GENERAL AND ADMINISTRATIVE	2 719 704		2 551 327	
TOTAL OPERATING EXPENSES	25 804 911		24 106 254	
NET REVENUE FROM RAILWAY OPERATIONS	3 654 893		2 623 138	
OTHER INCOME	1 296 191		1 161 857	
DIVIDENDS FROM AFFILIATES	141 125		182 492	
EQUITY IN UNDISTR. EARN. OF AFFIL.	88 802	DR	78 497	
TOTAL INC. FROM AFFILIATED COS.	229 927		103 995	
MISCELLANEOUS DEDUCTIONS	281 481		280 794	
INCOME AVAILABLE FOR FIXED CHARGES	4 999 723		3 608 196	
FIXED CHARGES				
INTEREST ON FUNDED DEBT	926 768		939 115	
INTEREST ON UNFUNDED DEBT	63 318		40 033	
AMORT. OF DISCOUNT ON FUNDED DEBT	9 628		9 589	
TOTAL FIXED CHARGES	999 714		988 737	
INCOME AFTER FIXED CHARGES	3 900 009		2 619 459	
OTHER DEDUCTIONS	15 095		16 759	
UNUSUAL OR INFREQ. ITEMS (DR.) CR.	1 233		25 845	
INCOME (LOSS) FR. CONT. OPER. BEFORE INC. TAX	3 886 144		2 628 545	
INCOME TAXES ON ORDINARY INCOME	749 579	CR	44 170	
PROVISION FOR DEFERRED INCOME TAXES	929 681		894 813	
INCOME (LOSS) FR. CONT. OPER. AFTER INC. TAX	2 706 884		1 777 902	
INCOME (LOSS) FR. OPER. OF DISCONT. SEG.	0		39	
GAIN (LOSS) ON DISP. OF DISCONT. SEG.	DR 47 705	DR	25	
ORDINARY INCOME	2 659 179		1 777 916	
EXTRAORDINARY ITEMS (NET)	CR 42 529	CR	20 246	
INCOME TAXES ON EXTRAORDINARY ITEMS	0	CR	9 381	
PROV. FOR DEF. TAXES-EXTRAORD. ITEMS	0		12 115	
CUM. EFFECT OF CHANGES IN ACCT. PRIN.	0	CR	2 055	
NET INCOME (AFTER EXTRAORDINARY ITEMS)	2 731 708		1 797 483	
INCOME FROM LEASE OF ROAD & EQUIP.	1 797		4 474	
RENT FOR LEASED ROADS & EQUIPMENT	70 291		69 833	
NET RAILWAY OPERATING INCOME	2 544 127		1 837 854	
CASH FLOW	5 397 561		4 584 620	
RATIOS				
RATIO TO OPERATING REVENUES				
OPERATING EXPENSES	87.5		90.1	
OPERATING EXPENSES (INC. INC. TAXES)	91.5		93.3	
NET RAILWAY OPERATING INCOME	8.6		6.8	

1983 DATA FROM 1983 R-1 REPORTS TO THE ICC

RAILROAD REVENUES, EXPENSES, AND INCOME
TWELVE MONTHS ENDED DECEMBER 31, 1984 and 1983
Class I Railroads in the United States
(dollars in millions)

DISTRICT and RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		NET RAILWAY OPERATING INCOME			ORDINARY INCOME		
	1984	1983	1984	1983	1984	1983	1984	1983 DA	1983 RRB	1984	1983 DA	1983 RRB
EASTERN DISTRICT												
e/ BALTIMORE & OHIO	$ 1 010	$ 907	$ 1 051	$ 941	$ 994	$ 960	$ 70	$ 7	0	$ 44	$ 11	1
BESSEMER & LAKE ERIE	61	50	80	64	65	58	10	3	4	10	4	4
BOSTON & MAINE **	119	113	125	118	119	121	6	1	-2	8	2	-1
CHESAPEAKE & OHIO	1 013	912	1 050	949	909	877	79	82	49	142	93	49
CONRAIL	3 200	2 916	3 322	3 025	2 872	2 894	422	270	128	472	298	154
DELAWARE & HUDSON **	117	105	123	108	128	114	-5	-6	-6	-7	-16	-16
ELGIN, JOLIET & EASTERN	61	58	90	91	83	81	2	5	5	7	8	8
GRAND TRUNK WESTERN	320	282	341	296	331	310	14	-13	-11	8	-28	-20
NORFOLK & WESTERN	1 649	1 469	1 715	1 527	1 387	1 326	168	144	124	264	208	186
PITTSBURGH & LAKE ERIE	48	42	50	43	54	58	-4	-13	-12	-12	-23	-23
EASTERN DISTRICT TOTAL	7 537	6 854	7 948	7 164	6 943	6 800	763	480	278	937	557	342
SOUTHERN DISTRICT												
FLORIDA EAST COAST	119	103	121	105	90	85	14	-6	-9	27	42	40
ILLINOIS CENTRAL GULF	877	800	955	874	892	870	54	17	3	62	-8	-20
SEABOARD SYSTEM	2 685	2 420	2 747	2 472	2 365	2 322	265	213	134	246	153	98
SOUTHERN RY SYSTEM	1 754	1 568	1 795	1 603	1 406	1 358	228	169	158	221	156	138
SOUTHERN DISTRICT TOTAL	5 435	4 990	5 618	5 054	4 752	4 636	561	393	286	557	343	256
WESTERN DISTRICT												
ATCHISON, TOPEKA & SANTA FE	2 259	2 051	2 335	2 091	2 083	1 962	149	121	93	135	110	85
BURLINGTON NORTHERN	4 353	3 931	4 440	4 019	3 493	3 480	547	434	344	551	414	325
CHICAGO & NORTH WESTERN	779	756	882	862	820	833	59	56	31	21	34	8
CHICAGO, MILW, ST. PAUL & PAC	402	352	417	369	414	373	3	9	-4	-56	14	7
DENVER & RIO GRANDE WESTERN	353	301	358	306	325	292	25	14	12	23	12	10
DULUTH, MISSABE & IRON RANGE	79	76	83	78	80	67	-4	3	3	8	9	9
KANSAS CITY SOUTHERN	316	293	331	306	277	267	36	33	29	29	26	21
MISSOURI-KANSAS-TEXAS	261	235	276	250	259	234	18	17	17	8	5	5
MISSOURI PACIFIC	1 748	1 611	1 795	1 652	1 609	1 507	148	144	125	130	87	67
ST. LOUIS SOUTHWESTERN	433	362	436	368	394	344	25	11	7	45	27	22
SOO LINE	309	296	316	293	292	274	12	13	12	18	14	13
SOUTHERN PACIFIC CO	2 122	1 937	2 189	1 964	2 173	2 125	67	2	-66	137	29	-43
UNION PACIFIC	1 897	1 784	1 931	1 809	1 726	1 602	134	124	132	123	110	119
WESTERN PACIFIC	144	145	147	147	163	176	0	-13	-12	-7	-11	-10
WESTERN DISTRICT TOTAL	15 446	14 092	15 893	14 515	14 109	13 535	1 221	968	722	1 165	880	635
GRAND TOTAL - UNITED STATES	28 478	25 836	29 459	26 732	25 805	24 971	2 544	1841	1 296	2 659	1780	1 233

TOTAL OPERATING REVENUES, EXPENSES, ORDINARY INCOME, NET RAILWAY OPERATING INCOME, REVENUE TON—MILES AND CAPITAL EXPENDITURES

CLASS I RAILROADS IN THE UNITED STATES [1/]
BY QUARTERS 1979 - 1984

(All amounts in millions)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total [2/]
TOTAL OPERATING REVENUES					
1979	$ 5 710	$ 6 573	$ 6 478	$ 6 851	$ 25 612
1980	6 802	6 943	6 995	7 517	28 257
1981	7 660	7 582	7 964	7 699	30 905
1982	7 190	7 222	6 613	6 482	27 507
1983	6 397	6 584	6 808	6 937	26 726
1984	7 451	7 545	7 415	7 048	29 459
TOTAL OPERATING EXPENSES					
1979	$ 5 587	$ 6 057	$ 6 343	$ 6 422	$ 24 409
1980	6 380	6 559	6 602	6 809	26 350
1981	6 954	7 174	7 332	7 117	28 577
1982	6 821	6 821	6 500	6 331	26 473
1983	6 028	6 221	6 319	6 396	24 964
1984	6 619	6 471	6 351	6 363	25 804
ORDINARY INCOME (After Fixed Charges)					
1979	$ 20	$ 430	$ 40	$ 318	$ 808
1980	264	174	148	544	1 130
1981	626	336	480	562	2 004
1982	216	340	200	425	1 180
1983	181	235	371	430	1 217
1984	593	809	769	488	2 659
NET RAILWAY OPERATING INCOME					
1979	$ 57	$ 387	$ 57	$ 299	$ 800
1980	294	263	244	541	1 342
1981	475	278	434	198	1 385
1982	201	267	115	183	767
1983	265	247	399	385	1 296
1984	564	767	731	482	2 544
REVENUE TON-MILES					
1979	207 945	239 009	229 572	237 173	913 699
1980	233 002	227 197	222 377	236 045	918 621
1981	236 597	222 516	227 534	225 058	911 705
1982	207 428	208 027	191 521	192 771	799 747
1983	196 120	203 900	210 808	215 323	826 150
1984	231 377	235 017	233 686	221 671	921 751
CAPITAL EXPENDITURES					
1979	$ 669	$ 767	$ 856	$ 1 033	$ 3 325
1980	855	898	772	1 096	3 621
1981	926	710	550	668	2 854
1982	417	513	461	584	1 975
1983	227	505	364	710	1 807
1984	648	1 165	1 327	1 177	4 317

Def. - Denotes Deficit

Depreciation Accounting

Effects on the RE&I Report

The change in 1984 quarterly data from Replacement, Betterment Accounting (RRB) to Depreciation Accounting (DA) affects the comparability of a number of statistics and trends published in the quarterly "Revenues, Expenses and Income" statement (RE&I); because the ICC did not require a complete restatement of 1983 quarterly data to depreciation accounting. This year's RE&I is modified as follows in order to facilitate comparisons:

Page 1: Where the comparison between items for 1984 and 1983 is invalid, the percent increase or decrease statistic is not computed.

For the first quarter, rates of return are computed on a RRB basis. For the second, third and fourth quarters, rates of return are on a depreciation accounting basis.

Page 2 & 3: To the extent that data are available, 1983 Net Railway Operating Income and Net Income columns are shown on both a depreciation accounting and RRB basis.

Page 4: Statistics for years prior to 1984, are on a RRB basis. Beginning in 1984, statistics are on a depreciation accounting basis.

Economics & Finance Department
American Railroads Building
Washington, D.C. 20036

a/ Rate of return is calculated on the net investment in road and equipment, less interest during construction and debit balances in other elements of investment plus working capital as calculated under Rail Form A procedures. The rate of return does not contain an adjustment for investment tax credits as prescribed by the Commission in Ex Parte No. 393 due to lack of available data on a quarterly basis. It is estimated that under the Ex Parte No. 393 formula a slightly lower return would result for most carriers.

b/ The 1984 rate of return calculations are based on year-end 1983 net investment on a depreciation accounting basis.

c/ Differences in totals and subtotals are due to rounding.

d/ Data for the first three quarters of 1979 include Chicago, Rock Island and Pacific Railroad. The Rock Island is included in Ton-Mile figures for year-end 1979.

e/ By Notice of Exemption served April 19, 1983, in Finance Docket No. 30160, the Baltimore and Ohio Railroad Company assumed control of the operations of the properties of Western Maryland. Results for 1984 and 1983 reflect this change.

A 3275-1

ASSOCIATION OF AMERICAN RAILROADS

FIRST QUARTER
R&E Series No. 721

June 7, 1985

RAILROAD REVENUES, EXPENSES, AND INCOME [1]

CLASS I RAILROADS IN THE UNITED STATES [2]

(Dollars in thousands)

SEE NOTES ON PAGE 4

FOR THE FIRST QUARTER

ACCOUNT	1985 [3]	1984	PERCENT INCREASE 1985 OVER 1984
REVENUE			
FREIGHT	$ 6 773 607	$ 7 176 594	D 5.6
PASSENGER	25 387	25 924	D 2.0
PASSENGER RELATED	48	86	D 44.1
ALL OTHER OPERATING REVENUE	199 760	205 698	D 2.8
JOINT FACILITY ACCOUNT	3 149	3 442	D 8.5
TOTAL OPERATING REVENUES	7 001 951	7 411 744	D 5.5
EXPENSES			
DEPRECIATION-ROAD	239 509	228 364	4.9
ALL OTHER WAY AND STRUCTURES	839 210	830 024	1.1
TOTAL WAY AND STRUCTURES	1 078 719	1 058 388	1.9
DEPRECIATION-EQUIPMENT	236 891	233 153	1.7
ALL OTHER EQUIPMENT	1 386 798	1 453 827	D 4.6
TOTAL EQUIPMENT EXPENSE	1 623 689	1 686 980	D 3.8
TRANSPORTATION-TRAIN & YARD	2 620 255	2 749 655	D 4.7
TRANSPORTATION-SPEC SERV & ADM	364 170	370 780	D 1.7
GENERAL AND ADMINISTRATIVE	696 074	702 367	D .8
TOTAL OPERATING EXPENSES	6 380 907	6 568 170	D 2.8
NET REVENUE FROM RAILWAY OPERATIONS	621 044	843 574	D 26.4
OTHER INCOME	321 143	283 230	13.4
DIVIDENDS FROM AFFILIATES	7 968	13 474	D 40.8
EQUITY IN UNDISTR EARN OF AFFIL	18 230	21 738	D 16.1
TOTAL INC FROM AFFILIATED COS	26 198	35 212	D 25.6
MISCELLANEOUS DEDUCTIONS	69 290	39 689	74.6
INCOME AVAILABLE FOR FIXED CHARGES	899 095	1 122 327	D 19.9
FIXED CHARGES			
INTEREST ON FUNDED DEBT	218 533	225 862	D 3.2
INTEREST ON UNFUNDED DEBT	14 291	9 006	58.6
AMORT OF DISCOUNT ON FUNDED DEBT	2 203	2 406	D 8.4
TOTAL FIXED CHARGES	235 027	237 274	D .9
INCOME AFTER FIXED CHARGES	664 068	885 053	D 24.9
OTHER DEDUCTIONS	2 943	3 176	D 7.3
UNUSUAL OR INFREQ ITEMS (DR) CR	0	DR 360	D 100.0
INCOME (LOSS) FR CONT OPER BEFORE INC TAX	661 125	881 517	D 25.0
INCOME TAXES ON ORDINARY INCOME	67 360	38 286	75.9
PROVISION FOR DEFERRED INCOME TAXES	176 083	243 095	D 27.6
INCOME (LOSS) FR CONT OPER AFTER INC TAX	417 682	600 136	D 30.4
INCOME (LOSS) FR OPER OF DISCONT SEG	0	0	
GAIN (LOSS) ON DISP OF DISCONT SEG	0	0	
ORDINARY INCOME	417 682	600 136	D 30.4
EXTRAORDINARY ITEMS (NET)	12 603	4 986	152.7
INCOME TAXES ON EXTRAORDINARY ITEMS	0	0	
PROV FOR DEF TAXES EXTRAORD ITEMS	0	0	
CUM EFFECT OF CHANGES IN ACCT PRIN	0	0	
NET INCOME (AFTER EXTRAORDINARY ITEMS)	430 285	605 122	D 28.8
INCOME FROM LEASE OF ROAD & EQUIP	369	436	D 15.3
RENT FOR LEASED ROADS & EQUIPMENT	13 075	12 821	1.9
NET RAILWAY OPERATING INCOME	390 307	574 478	D 32.0
CASH FLOW	1 049 935	1 283 010	D 18.1
RATIOS			
RATIO TO OPERATING REVENUES			
OPERATING EXPENSES	91.1	88.6	
OPERATING EXPENSES (INC INC TAXES)	94.6	92.4	
NET RAILWAY OPERATING INCOME	5.5	7.7	

RATE OF RETURN ON PROPERTY INVESTMENT [5]

YEAR ENDED MARCH 31

(Thousands)

	Net Investment [6]		Net Railway Operating Income		Rate of Return	
	1985	1984	1985	1984	1985	1984
EASTERN DISTRICT	$ 11,611,003	$ 11,347,025	$ 690,402	$ 616,142	5.958	5.439
SOUTHERN DISTRICT	9,692,237	9,610,818	523,202	446,007	5.40	4.64
WESTERN DISTRICT	22,562,478	22,108,636	1,136,700	1,091,439	5.04	4.94
UNITED STATES	43,865,718	43,066,479	2,350,304	2,153,588	5.36	5.00

RAILROAD REVENUES, EXPENSES, AND INCOME [1]

FIRST QUARTER 1985 and 1984

Class I Railroads in the United States [2]

(dollars in millions)

DISTRICT and RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		NET RAILWAY OPERATING INCOME		ORDINARY INCOME	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
EASTERN DISTRICT										
BALTIMORE & OHIO	$ 255	$ 255	$ 265	$ 265	$ 260	$ 252	$ 9	$ 17	$ 7	$ 8
BOSTON & MAINE	28	30	29	31	29	30	0	1	1	2
CHESAPEAKE & OHIO	225	242	231	248	212	230	8	9	20	21
CONRAIL	760	811	789	841	743	756	34	80	43	86
DELAWARE & HUDSON	26	28	26	31	29	32	-3	-1	-1	-2
ELGIN, JOLIET & EASTERN	14	13	21	28	20	23	0	2	1	3
GRAND TRUNK WESTERN	85	80	89	85	87	84	2	3	1	1
NORFOLK & WESTERN	411	422	426	438	351	358	38	39	56	57
EASTERN DISTRICT - TOTAL	1 803	1 886	1 875	1 966	1 732	1 764	88	150	125	177
SOUTHERN DISTRICT										
FLORIDA EAST COAST	31	31	31	31	23	22	3	4	7	7
ILLINOIS CENTRAL GULF	223	233	242	254	230	237	11	16	4	13
SEABOARD SYSTEM	658	693	678	708	596	590	55	79	61	76
SOUTHERN SYSTEM	422	433	433	443	361	360	42	50	43	47
SOUTHERN DISTRICT - TOTAL	1 334	1 390	1 385	1 436	1 219	1 210	111	149	114	142
WESTERN DISTRICT										
ATCHISON, TOPEKA & SANTA FE	538	573	549	582	524	533	18	34	28	32
BURLINGTON NORTHERN	1 034	1 101	1 056	1 124	862	902	113	120	119	140
CHICAGO & NORTHWESTERN	178	207	205	233	207	223	-1	9	-13	1
MILWAUKEE ROAD [3]	0	101	0	105	0	104	0	0	0	1
DENVER & RIO GRANDE WESTERN	84	87	85	88	77	81	5	6	6	3
KANSAS CITY SOUTHERN	76	79	79	82	70	71	6	8	4	5
MISSOURI-KANSAS-TEXAS	62	66	66	69	63	64	-3	5	-6	3
MISSOURI PACIFIC	431	432	443	443	404	392	42	40	29	29
ST. LOUIS SOUTHWESTERN	99	110	100	111	97	98	1	8	3	10
SOO LINE [3]	117	82	119	86	113	76	6	4	2	5
SOUTHERN PACIFIC	504	530	521	547	548	550	-25	11	-26	29
UNION PACIFIC	481	496	487	502	436	456	30	31	36	27
WESTERN PACIFIC	33	39	33	39	38	44	-2	-1	0	-4
WESTERN DISTRICT - TOTAL	3 636	3 901	3 742	4 010	3 440	3 594	191	276	179	281
GRAND TOTAL - UNITED STATES	6 774	7 177	7 002	7 412	6 381	6 568	390	575	418	600

TOTAL OPERATING REVENUES, EXPENSES, [1] ORDINARY INCOME, NET RAILWAY OPERATING INCOME, REVENUE TON—MILES AND CAPITAL EXPENDITURES

CLASS I RAILROADS IN THE UNITED STATES [2] BY QUARTERS 1980 - 1985

(All amounts in millions)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total [4]
TOTAL OPERATING REVENUES					
1980	$ 6 802	$ 6 943	$ 6 995	$ 7 517	$ 28 257
1981	7 660	7 582	7 964	7 699	30 905
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1984	7 451	7 545	7 415	7 048	29 459
1985	7 002				
TOTAL OPERATING EXPENSES					
1980	$ 6 380	$ 6 559	$ 6 602	$ 6 809	$ 26 350
1981	6 954	7 174	7 332	7 117	28 577
1982	6 821	6 821	6 500	6 331	26 473
1983	6 028	6 221	6 319	6 396	24 964
1984	6 619	6 471	6 351	6 363	25 804
1985	6 381				
ORDINARY INCOME (After Fixed Charges)					
1980	$ 264	$ 174	$ 148	$ 544	$ 1 130
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NET RAILWAY OPERATING INCOME					
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1981	475	278	434	198	1 385
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REVENUE TON-MILES					
1980	233 002	227 197	222 377	236 045	918 621
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1985	220 526 p				
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p - Preliminary

NOTES TO THE RE&I REPORT

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5. Rate of return is calculated on the net investment in road and equipment, less interest during construction and debit balances in other elements of investment plus working capital. The rate of return does not contain an adjustment for investment tax credits, as prescribed by the Commission in Ex Parte No. 393, due to lack of available data on a quarterly basis. It is estimated that under the Ex Parte No. 393 formula a slightly lower return would result for most carriers.

6. The rates of return for the year ending March 31, 1985 and 1984 are calculated on the average 1984 net investment and the year end 1983 net investment, respectively. All components of the ROI are on a DA basis.

ECONOMICS & FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
1920 L STREET, NW
WASHINGTON, DC 20036

A3275-1

ASSOCIATION OF AMERICAN RAILROADS

SECOND QUARTER
R&E Series No. 722

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in thousands)

ACCOUNT	FOR THE SECOND QUARTER 1985 [1]	1984	PERCENT INCREASE 1985 OVER 1984	FOR THE SIX MONTHS ENDED JUNE 30 1985 [1]	1984	PERCENT INCREASE 1985 OVER 1984
REVENUE						
FREIGHT	$ 6 839 668	$ 7 226 936	D 5.3	$ 13 613 275	$ 14 405 530	D 5.4
PASSENGER	25 860	25 118	3.0	51 267	51 042	.4
PASSENGER RELATED	42	1 255	D 96.6	90	2 314	D 96.1
ALL OTHER OPERATING REVENUE	200 633	217 864	D 7.9	400 393	422 589	D 5.2
JOINT FACILITY ACCOUNT	2 057	2 929	D 29.7	5 206	6 371	D 18.2
TOTAL OPERATING REVENUES	7 068 280	7 476 102	D 5.4	14 070 231	14 887 846	D 5.4
EXPENSES						
DEPRECIATION-ROAD	244 769	232 620	5.2	484 278	461 067	5.0
ALL OTHER WAY AND STRUCTURES	776 741	796 049	D 2.4	1 615 951	1 625 990	D .6
TOTAL WAY AND STRUCTURES	1 021 510	1 028 669	D .6	2 100 229	2 087 057	.6
DEPRECIATION-EQUIPMENT	233 004	231 977	.4	467 895	465 130	.5
ALL OTHER EQUIPMENT	1 340 431	1 429 090	D 6.2	2 727 229	2 882 917	D 5.4
TOTAL EQUIPMENT EXPENSE	1 573 435	1 661 067	D 5.2	3 195 124	3 348 047	D 4.5
TRANSPORTATION-TRAIN & YARD	2 511 409	2 712 018	D 7.3	5 131 664	5 461 753	D 6.0
TRANSPORTATION-SPEC. SERV. & ADM.	351 439	364 725	D 3.6	715 609	735 505	D 2.7
GENERAL AND ADMINISTRATIVE	695 660	643 940	8.0	1 391 734	1 346 107	3.3
TOTAL OPERATING EXPENSES	6 153 453	6 410 419	D 4.0	12 534 360	12 978 669	D 3.4
NET REVENUE FROM RAILWAY OPERATIONS	914 827	1 065 683	D 14.1	1 535 871	1 909 177	D 19.5
OTHER INCOME	290 913	299 541	D 2.8	612 056	582 851	5.0
DIVIDENDS FROM AFFILIATES	18 035	17 153	5.1	26 003	30 627	D 15.0
EQUITY IN UNDISTR. EARN. OF AFFIL.	12 654	39 896	D 68.2	30 884	61 638	D 49.9
TOTAL INC. FROM AFFILIATED COS.	30 689	57 051	D 46.2	56 887	92 265	D 38.3
MISCELLANEOUS DEDUCTIONS	75 915	57 460	32.1	145 205	97 149	49.4
INCOME AVAILABLE FOR FIXED CHARGES	1 160 514	1 364 815	D 14.9	2 059 609	2 487 142	D 17.1
FIXED CHARGES						
INTEREST ON FUNDED DEBT	220 933	226 310	D 2.3	439 466	451 854	D 2.7
INTEREST ON UNFUNDED DEBT	13 487	14 595	D 7.5	27 778	23 601	17.6
AMORT. OF DISCOUNT ON FUNDED DEBT	2 171	2 139	1.4	4 374	4 545	D 3.7
TOTAL FIXED CHARGES	236 591	243 044	D 2.6	471 618	480 000	D 1.7
INCOME AFTER FIXED CHARGES	923 923	1 121 771	D 17.6	1 587 991	2 007 142	D 20.8
OTHER DEDUCTIONS	2 931	2 800	4.6	5 674	6 294	D 9.6
UNUSUAL OR INFREQ. ITEMS (DR.) CR.	0	1 437	D 100.0	0	1 077	D 100.0
INCOME (LOSS) FR. CONT. OPER. BEFORE INC. TAX	920 992	1 120 408	D 17.7	1 582 117	2 001 925	D 20.9
INCOME TAXES ON ORDINARY INCOME	91 798	48 062	90.9	159 158	86 348	84.3
PROVISION FOR DEFERRED INCOME TAXES	189 542	271 470	D 30.1	365 625	514 565	D 28.9
INCOME (LOSS) FR. CONT. OPER. AFTER INC. TAX	639 652	800 876	D 20.1	1 057 334	1 401 012	D 24.5
INCOME (LOSS) FR. OPER. OF DISCONT. SEG.	0	0		0	0	
GAIN (LOSS) ON DISP. OF DISCONT. SEG.	0	0		0	0	
ORDINARY INCOME	639 652	800 876	D 20.1	1 057 334	1 401 012	D 24.5
EXTRAORDINARY ITEMS (NET)	34 479	10 020	244.1	47 082	15 006	213.7
INCOME TAXES ON EXTRAORDINARY ITEMS	0	0		0	0	
PROV. FOR DEF. TAXES-EXTRAORD. ITEMS	0	0		0	0	
CUM. EFFECT OF CHANGES IN ACCT. PRIN.	0	0		0	0	
NET INCOME (AFTER EXTRAORDINARY ITEMS)	674 131	810 896	D 16.8	1 104 416	1 416 018	D 22.0
INCOME FROM LEASE OF ROAD & EQUIP.	394	441	D 10.6	781	695	D 12.7
RENT FOR LEASED ROADS & EQUIPMENT	13 208	12 485	5.7	26 283	25 306	3.8
NET RAILWAY OPERATING INCOME	646 301	758 195	D 14.7	1 036 590	1 332 675	D 22.2
CASH FLOW	1 294 313	1 497 045	D 13.5	2 364 248	2 780 136	D 15.6
RATIOS						
RATIO TO OPERATING REVENUES						
OPERATING EXPENSES	87.0	85.7		89.0	87.1	
OPERATING EXPENSES (INC. INC. TAXES)	91.0	90.0		92.8	91.2	
NET RAILWAY OPERATING INCOME	9.1	10.1		7.3	8.9	

RATE OF RETURN ON PROPERTY INVESTMENT [5]

YEAR ENDED JUNE 30

(thousands)

	Net Investment [6]		Net Railway Operating Income		Rate of Return	
	1985	1984	1985	1984	1985	1984
EASTERN DISTRICT	$ 11,872,497	$ 11,347,025	$ 632,048	$ 751,842	5.32%	6.63%
SOUTHERN DISTRICT	9,860,283	9,610,818	506,706	500,544	5.14	5.21
WESTERN DISTRICT	23,298,331	22,108,636	1,099,768	1,186,862	4.72	5.37
UNITED STATES	$ 45,031,111	43,066,479	$ 2,238,522	$ 2,439,248	4.97%	5.66%

RAILROAD REVENUES, EXPENSES, AND INCOME [1]

SECOND QUARTER 1985 and 1984

Class I Railroads in the United States [2]

(dollars in millions)

DISTRICT and RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		NET RAILWAY OPERATING INCOME		ORDINARY INCOME	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
EASTERN DISTRICT										
BALTIMORE & OHIO	$ 249	$ 271	$ 260	$ 282	$ 254	$ 251	$ 14	$ 27	$ 8	$ 21
BOSTON & MAINE	29	30	30	32	29	30	1	2	1	2
CHESAPEAKE & OHIO	271	292	281	304	212	239	45	39	48	60
CONRAIL	796	838	825	871	691	697	101	164	122	169
DELAWARE & HUDSON	27	30	28	32	27	31	1	0	1	0
ELGIN, JOLIET & EASTERN	17	18	24	27	22	24	0	1	2	3
GRAND TRUNK WESTERN	83	81	86	86	65	83	1	4	1	2
NORFOLK & WESTERN	433	438	452	455	327	353	67	51	83	77
EASTERN DISTRICT TOTAL	1 906	1 999	1 985	2 087	1 647	1 707	230	288	266	334
SOUTHERN DISTRICT										
FLORIDA EAST COAST	28	30	28	31	23	22	1	4	6	8
ILLINOIS CENTRAL GULF	205	222	223	241	211	225	12	14	6	13
SEABOARD SYSTEM	649	684	665	700	584	597	64	72	61	71
SOUTHERN SYSTEM	425	453	435	463	340	360	58	62	55	60
SOUTHERN DISTRICT TOTAL	1 306	1 389	1 351	1 434	1 158	1 204	135	152	127	152
WESTERN DISTRICT										
ATCHISON, TOPEKA & SANTA FE	532	562	543	574	498	520	38	37	33	35
BURLINGTON NORTHERN	979	1 072	1 002	1 096	805	866	115	133	114	137
CHICAGO & NORTHWESTERN	183	197	208	223	198	201	10	19	3	12
MILWAUKEE ROAD [3]	N/A	107	N/A	111	N/A	108	0	3	0	6
DENVER & RIO GRANDE WESTERN	83	92	84	93	74	84	7	6	5	7
KANSAS CITY SOUTHERN	79	77	82	81	70	69	9	8	7	6
MISSOURI-KANSAS-TEXAS	68	68	71	72	66	67	6	5	3	2
MISSOURI PACIFIC	401	440	413	451	399	402	15	39	2	33
ST. LOUIS SOUTHWESTERN	98	112	99	113	95	100	2	7	4	11
SOO LINE [3]	160	70	166	72	167	71	6	1	-5	2
SOUTHERN PACIFIC	522	544	537	561	522	551	19	24	31	31
UNION PACIFIC	480	462	485	469	403	421	58	33	57	32
WESTERN PACIFIC	41	39	42	39	52	38	-2	2	-8	0
WESTERN DISTRICT TOTAL	3 627	3 841	3 732	3 955	3 348	3 500	281	318	246	314
GRAND TOTAL - UNITED STATES	6 840	7 229	7 068	7 476	6 153	6 410	646	758	640	801

RAILROAD REVENUES, EXPENSES, AND INCOME

SIX MONTHS ENDED JUNE 30, 1985 and 1984

Class I Railroads in the United States

(dollars in millions)

DISTRICT and RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		NET RAILWAY OPERATING INCOME		ORDINARY INCOME	
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984
EASTERN DISTRICT										
BALTIMORE & OHIO	$ 504	$ 526	$ 525	$ 547	$ 514	$ 502	$ 23	$ 44	$ 15	$ 30
BOSTON & MAINE	56	60	59	63	58	60	1	4	2	4
CHESAPEAKE & OHIO	496	533	511	552	423	469	53	49	68	81
CONRAIL	1 556	1 649	1 613	1 712	1 434	1 453	135	244	165	255
DELAWARE & HUDSON	53	58	54	62	56	63	-2	-1	-2	-2
ELGIN, JOLIET & EASTERN	31	36	45	54	42	47	0	3	3	6
GRAND TRUNK WESTERN	168	161	175	170	172	166	3	6	1	3
NORFOLK & WESTERN	844	860	879	893	679	711	105	89	139	135
EASTERN DISTRICT - TOTAL	3 709	3 885	3 860	4 053	3 378	3 471	318	438	391	511
SOUTHERN DISTRICT										
FLORIDA EAST COAST	58	61	59	62	46	44	4	7	13	15
ILLINOIS CENTRAL GULF	428	455	465	496	441	462	23	30	9	26
SEABOARD SYSTEM	1 308	1 377	1 343	1 407	1 180	1 188	119	151	122	147
SOUTHERN RAILWAY SYSTEM	847	886	868	905	702	720	101	112	98	107
SOUTHERN DISTRICT - TOTAL	2 641	2 779	2 736	2 870	2 368	2 413	246	300	242	295
WESTERN DISTRICT										
ATCHISON, TOPEKA & SANTA FE	1 069	1 134	1 092	1 156	1 022	1 053	56	71	60	67
BURLINGTON NORTHERN	2 014	2 173	2 057	2 220	1 667	1 768	228	253	233	277
CHICAGO & NORTHWESTERN	362	404	413	455	406	424	10	29	-10	13
MILWAUKEE ROAD[3]	N/A	208	N/A	216	N/A	212	0	4	0	7
DENVER & RIO GRANDE WESTERN	167	179	169	181	151	165	12	12	11	10
KANSAS CITY SOUTHERN	154	156	161	163	139	140	15	16	11	12
MISSOURI-KANSAS-TEXAS	131	134	137	141	129	131	3	10	-3	5
MISSOURI PACIFIC	833	871	855	895	803	794	56	79	29	62
ST. LOUIS SOUTHWESTERN	196	222	199	224	192	198	3	16	7	21
SOO LINE[3]	277	152	285	155	280	147	12	5	-3	6
SOUTHERN PACIFIC	1 026	1 074	1 058	1 108	1 070	1 101	-6	35	5	60
UNION PACIFIC	961	958	971	971	839	878	88	64	93	58
WESTERN PACIFIC	74	77	75	78	90	82	-4	2	-8	-3
WESTERN DISTRICT - TOTAL	7 263	7 742	7 474	7 964	6 788	7 094	472	594	425	595
GRAND TOTAL - UNITED STATES	13 613	14 406	14 070	14 888	12 534	12 979	1 037	1 333	1 057	1 401

TOTAL OPERATING REVENUES, EXPENSES, [1] ORDINARY INCOME, NET RAILWAY OPERATING INCOME, REVENUE TON—MILES AND CAPITAL EXPENDITURES

CLASS I RAILROADS IN THE UNITED STATES [2] BY QUARTERS 1980 - 1985

(All amounts in millions)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total [4]
TOTAL OPERATING REVENUES					
1980	$ 6 802	$ 6 943	$ 6 995	$ 7 517	$ 28 257
1981	7 660	7 562	7 964	7 699	30 905
1982	7 190	7 222	6 613	6 482	27 507
1983	6 397	6 584	6 808	6 937	26 726
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ECONOMICS & FINANCE DEPARTMENT
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1920 L STREET, NW
WASHINGTON, DC 20036
AUGUST 22, 1985